



# **ARIZONA DEPARTMENT OF REVENUE**

## **MEMORANDUM**

**DATE:** September 16, 2004

**FROM:** THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

### ***JULY 2004 TAX FACTS***

#### **SUMMARY OF GENERAL FUND REVENUES**

	<b><u>July 2004</u></b>
<b>Individual Income Tax</b>	
Net Collections	\$149,169,105
Percent Change	10.1%
<b>Corporate Income Tax</b>	
Net Collections	\$20,992,373
Percent Change	23.7%
<b>Transaction Privilege, Severance &amp; Use Taxes</b>	
Net Collections	\$297,753,472
Change	9.8%
<b>Total Big Three Tax Types</b>	
Net Collections	\$467,914,950
Percent Change	10.5%

January was the first month that the department used a new computer system to process transaction privilege tax and withholding. Some of the reports necessary to provide Tax Facts information are still under development. Those sections have been pulled from this report. Once the information is available, it will be sent out.

# TAX FACTS JULY 2004

## INDIVIDUAL INCOME TAX

### Individual Income Tax Receipts

	July 2004	July 2003	% Change
Gross Collections	\$7,982,042	\$9,818,564	(18.7)
Withholding	185,359,849	168,192,384	10.2
Refunds	(13,083,405)	(12,140,929)	7.8
Urban Revenue Sharing	(31,089,382)	(30,422,097)	2.2
<b>Net Collections</b>	<b>\$149,169,105</b>	<b>\$135,447,923</b>	<b>10.1</b>

Included in the refund amounts above are refunds relating to the alternative fuel vehicle (AFV) income tax credit. In July 2004, the Department issued nine individual income tax refunds for alternative fuel related credits. There was \$136,685 in AFV credit on the returns. After offsetting \$6,777 in liability, \$129,908 was refunded.

### Ladewig Refunds

Ladewig, a Supreme Court tax settlement case has resulted in the distribution of 343,684 refunds to individual income taxpayers during July 2004. These refunds totaled \$87,493,581 for an average of \$254.58. Refunds issued as a result of the Ladewig case are not included in the total refunds listed in the "Individual Income Tax Receipts" section above or the "Average Individual Income Tax Refund" section later mentioned in this publication.

### Individual Income Tax Document Count

In calendar year 2003, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	44,149	1,546,452	84,078	99,313	12	43,604	287,618	13,546	190,019	2,632	24	2,311,447
%	1.9	66.9	3.6	4.3	0.0	1.9	12.4	0.6	8.2	0.1	0.0	

In calendar year 2004 the number of returns filed, and processed, are as follows:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	34,460	1,473,391	69,055	96,267	2	35,993	287,943	13,234	193,148	2,547	15	2,206,055
%	1.6	66.8	3.1	4.4	1.6	13.1	13.2	0.6	8.8	0.1	0.0	

The 2,206,055 returns, representing current and prior tax years, filed through July 2004 compares to 2,146,123 returns filed during the same period of time in 2003 for an annual increase of 2.8%. For tax year 2003 filed in 2004, 2,114,486 returns have been filed, a 2.5% decrease over filings in July 2003 for tax year 2002.

### Year-Over-Year Comparison of Resident Taxpayers

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 1,515,995 returns in calendar year 2004 for tax year 2003 from filers who also have returns on record from calendar year 2003 with the same marital status. On average, these filers experienced a 3.5% increase in FAGI and a 5.9% increase in tax liability. More specifically, 35.7% of these filers experienced a decrease in tax liability; on average a decrease of 35.9% with a corresponding average decrease in FAGI of 21.1%. Filers with an increase in tax liability totaled 777,6686 or 51.3% with an average FAGI increase of 24.9% and an average tax liability increase of 46.9%.

### **Average Individual Income Tax Refund**

Net of Ladewig refunds.

	Average	Number
2004 CYTD	\$494.68	1,424,485
2003 CYTD	\$539.32	1,413,407
% Change	(8.3%)	0.8%

### **"New" Filers in Calendar Year 2003**

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2004. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 230,116 "new" returns have been filed thus far in 2004, representing approximately 277,238 persons, not including dependents. The average Federal Adjusted Gross Income for these 230,116 returns is \$19,441, with an average tax liability of \$307. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 19.4% had a married filing joint filing status, 7.3% claimed a 65 and Over Exemption and 33.0% claimed dependents.

### **Individual Income Tax Estimated Payments**

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES for tax year 2002 was \$295.4 million, for an average of \$1,534. An additional \$75.0 million in estimated payments came from 2001 tax returns that applied their refunds as a 2002 estimated payment, for an average of \$1,685. Estimated payments received through July 2004 for tax year 2004 are as follows:

7/04	140ES payment	\$48,549,768	Cumulative	\$117,600,954
7/03	140ES payment	\$33,341,638	Cumulative	\$90,120,103
	Percent change	45.6%		30.5%
7/04	Average payment	\$1,943	Cumulative	\$1,336
7/03	Average payment	\$1,697	Cumulative	\$1,170
	Percent change	14.5%		14.2%
7/04	Applied refund	\$8,367,664	Cumulative	\$31,159,831
7/03	Applied refund	\$1,839,310	Cumulative	\$30,033,659
	Percent change	354.9%		3.7%
Total 7/04		\$56,917,431	Cumulative	\$148,760,785
Total 7/03		\$35,180,948	Cumulative	\$120,153,762
	Percent change	61.8%		23.8%

### **Withholding**

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2001 through March 2003, \$544,701,458 was received for the first quarter of 2002. The latest complete quarter (15 months of information has been compiled) is the second quarter of 2003, which shows an increase of 2.5% in withholding payments over the second quarter of 2002. Growth in quarters for which information is still being gathered is as follows:

3 <sup>rd</sup> Quarter 2003	0.0%	2 <sup>nd</sup> Quarter 2004	(5.7%)
4 <sup>th</sup> Quarter 2003	1.6%	3 <sup>rd</sup> Quarter 2004	Unavailable
1 <sup>st</sup> Quarter 2004	1.7%		

Current choices for withholding are 0%, 10%, 18%, 21%, 23%, 29% or 34% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

### **Property Tax Credits**

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	Average
Calendar Year 2004	14,774	\$5,201,271	\$352.06
Calendar Year 2003	14,673	\$4,930,088	\$340.52
% Change	0.7%	5.5%	3.2%

### **Clean Elections**

As a result of the November 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2003:

	July 2004	Calendar Year Total
Check Off	\$166,680	\$4,009,248
Voluntary Donation	\$1,013	\$41,431
Number of Returns	22,757	552,904

### **Contributions on the Individual Income Tax Return**

Through July 2004, individual income tax return filers have made the following contributions:

	Number	Amount	Average
Wildlife	9,221	\$161,105	\$17.47
Child Abuse	10,070	\$182,734	\$18.15
Special Olympics	4,822	\$74,442	\$15.44
Neighbors Helping	2,796	\$35,674	\$12.76
AID to Education	585	\$45,918	\$78.49
Domestic Violence Shelter	7,275	\$131,456	\$18.07
Democratic Party	1,062	\$25,317	\$23.84
Republican Party	681	\$15,964	\$23.44
Libertarian Party	81	\$1,535	\$18.95

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## **CORPORATE INCOME TAX**

### **Corporate Income Tax Receipts**

	July 2004	July 2003	% Change
Gross Collections	\$25,278,574	\$23,301,575	8.5
Refunds	(4,286,201)	(6,333,153)	(32.3)
<b>Net Collections</b>	<b>\$20,992,373</b>	<b>\$16,968,421</b>	<b>23.7</b>

### **Corporate Estimated Payments**

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

July 2004	\$19,373,994	Calendar Year Total	\$237,787,174
July 2003	\$14,548,665	Calendar Year Total	\$207,873,205
% Change	33.2%	% Change	14.4%

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for July 2004 and for the calendar year.

Size of Payment ➔	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
July 2004	112	10	13	1	5	0	141	(6.6)
July 2003	119	13	10	5	4	0	151	
CY 2004	1,580	203	237	35	39	0	2,094	8.3
CY 2003	1,503	167	187	42	35	0	1,934	

### **Corporate Refunds**

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 2003/04 by corporate fiscal year. For example, in FY 2003/04, 9.2% of the refund dollars paid were for corporate fiscal years ending in 1999 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	99 & Prior	00	01	02	03	04
FY 2003/04	9.2%	2.7%	3.0%	74.5%	10.4%	0.2%

Corporate Fiscal Year-End:	00 & Prior	01	02	03	04	05
FY 2004/05	9.8%	1.7%	2.9%	82.8%	2.8%	0.0%

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table presents refunds applied as estimated payments in the most recent month and for the calendar year.

July 2004	\$7,490,257	Calendar Year Total	\$46,224,238
July 2003	\$6,948,943	Calendar Year Total	\$62,410,793
% Change	7.8%	% Change	(25.9%)

### **Corporate Income Tax Document Count**

The Arizona Department of Revenue received 99,009 corporate returns showing a fiscal year-end of 2002. The type of return received is indicated below:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	289	34,612	54,649	355	10,889
%	0.3	34.3	54.2	0.4	10.8

Through July 2004, 55,821 documents have been received for a fiscal year-end of 2003, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	122	17,801	29,931	148	7,819
%	0.2	31.9	53.6	0.3	14.0

The figures shown above for the 2003 returns are most meaningful when compared to 2002 returns received during the same period of time in the previous year. Through July 2003, the Arizona Department of Revenue received 71,846 documents with a fiscal year-end of 2002. Compared to 2003 documents, the department has seen a 22.3% decrease in the number of corporate returns received at this point of time in the calendar year. **The Department is behind in processing corporate income tax returns, but is gaining ground.**

### **Urban Revenue Sharing Returned to Cities/Towns**

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2004/05 is 15.0% of net proceeds from Fiscal Year 2002/03 income tax. Amounts returned for July 2004 are shown on Table 2, at the end of this report.

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## TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES

### **Transaction Privilege, Severance and Use Tax Receipts**

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, the computer aggregates transaction privilege and severance tax collections by category and calculates total distribution base and non-shared portions. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with prop 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

	July 2004	July 2003	% change
Distribution Base	\$120,404,670	\$111,176,778	8.3
Non shared	233,647,014	214,846,247	8.8
Use Tax	22,578,887	17,906,777	26.1
Education Tax	44,074,474	39,387,478	11.9
Other Revenues	50,376,410	45,776,554	10.0
<b>Total Collections</b>	<b>\$471,081,454</b>	<b>\$429,093,835</b>	<b>9.8</b>

### **Distribution of Transaction Privilege, Severance and Use Tax Receipts**

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained By State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with prop 301. "Other" revenues are returned to the administering authority.

	July 2004	July 2003	% change
Retained by State	\$297,753,472	\$271,097,895	9.8
Returned to Counties	48,775,932	45,037,713	8.3
Returned to Cities	30,101,167	27,794,195	8.3
Education Tax	44,074,474	39,387,478	11.9
Other Revenues	50,376,410	45,776,554	10.0
<b>Total Collections</b>	<b>\$471,081,454</b>	<b>\$429,093,835</b>	<b>9.8</b>

## **Transaction Privilege and Severance Tax Collections By Class**

	<b>Tax Rate</b>	<b>July 2004</b>	<b>% Chg</b>
Transporting <sup>1</sup>	5.6%	\$227,096	(26.8)
Non-Metal Mining/Oil & Gas	3.125%	918,422	22.7
Utilities	5.6%	31,086,087	3.2
Communications	5.6%	12,311,808	5.9
Private Car/Pipelines	5.6%	66,073	81.5
Publishing	5.6%	570,953	13.4
Printing	5.6%	1,486,422	(5.3)
Restaurants/Bars	5.6%	30,772,476	9.2
Amusements	5.6%	3,519,631	12.0
Commercial Lease	0%	491	(101.9)
Rental of Personal Property	5.6%	15,461,311	9.0
Contracting	3.75% - 5.6%	65,331,474	17.8
Feed Wholesale	Repealed	0	N/A
Retail	5.6%	183,825,498	6.3
Mining Severance	2.5%	925,459	332.1
Timber Severance	\$2.13/\$1.51 per 1000 board ft	799	(16.3)
Hotel/Motel	5.5%	7,130,389	6.5
Membership Camping	5.6%	5,396	(66.0)
Use/Use Inventory	5.6%	22,578,887	26.1
Rental Occupancy Tax	3.0%	3,958	61.9
Jet Fuel Tax	\$.0305/\$.0105 gal	391,335	(2.6)
Telecommunications Devices:	1.1		
Telecom. Fund for the Deaf	----	379,339	(25.2)
School for the Deaf	----	126,446	N/A
Poison Control Fund	----	98,958	(47.3)
911 Wireline/Excise	\$0.37 monthly per activated service	1,130,577	(2.6)
911 Wireless Service	\$0.37 monthly per activated service	1,034,099	8.1
<b>Total</b>		<b>\$379,383,387</b>	<b>9.4</b>

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the Department.

## **Transaction Privilege and Severance Tax Taxable Sales By Class<sup>2</sup>**

	<b>July 2004</b>	<b>% Chg</b>
Transporting <sup>3</sup>	\$4,564,966	(26.4)
Non-Metal Mining/Oil & Gas	29,478,287	23.0
Utilities	623,751,395	3.5
Communications	247,122,851	6.3
Private Car/Pipelines	1,325,504	82.1
Publishing	11,456,389	13.8
Printing	29,840,959	(5.0)
Restaurants/Bars	617,729,094	9.6
Amusements	70,664,065	12.5)
Commercial Lease	11,985	(98.9)

<sup>1</sup> The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

<sup>2</sup> These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

<sup>3</sup> The category transporting/towing has been combined with railroads/aircraft and will now be called "Transporting".

	<b>July 2004</b>	<b>% Chg</b>
Rental of Personal Property	310,217,416	9.3
Contracting	1,310,609,131	18.1
Feed Wholesale	0	N/A
Retail	3,689,102,102	6.7
Mining Severance	37,112,574	333.2
Timber Severance	363	N/A
Hotel/Motel	130,256,183	7.0
Membership Camping	109,450	(65.5)
Use/Use Inventory	452,461,126	26.7
Rental Occupancy Tax	133,723	(61.4)
<b>Total</b>	<b>\$7,565,947,562</b>	<b>10.1</b>

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. The Use/Use Inventory category shown above does not include jet fuel use tax. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. A comparison can be made of gallons of jet fuel on which Arizona jet fuel tax or jet fuel use tax was paid. In June 2004, 18,533,645 gallons of jet fuel were taxed, a 7.5% increase from the 17,239,911 reported for June 2003. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

### **Accounting Credit**

A credit equal to one percent of the amount of tax due, up to \$10,000 per calendar year, is allowed to businesses for expenses incurred during the accounting and reporting of Transaction Privilege Tax. **Due to our new processing system, the report needed to provide this data is not available.**

### **Taxable Sales by SIC Code Range**

The taxable sales by SIC (Standard Industrial Classification) code range is undergoing a conversion to NAICS codes. The information for July 2004 is not yet available. Once it is available, it will be sent under separate cover.

### **Transaction Privilege and Severance Tax Returned to Counties**

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for July 2004 is shown in the County Share column.

	<b>Dist. Base Collections</b>	<b>County Share</b>	<b>% of Total</b>
Apache	\$253,462	\$365,640	0.7
Cochise	1,727,623	872,231	1.8
Coconino	3,543,299	1,344,579	2.8
Gila	797,151	388,791	0.8
Graham	372,179	224,917	0.5
Greenlee	621,893	201,463	0.4
La Paz	280,593	144,352	0.3
Maricopa	80,473,668	31,319,777	64.2
Mohave	3,610,695	1,407,853	2.9
Navajo	1,831,135	799,880	1.6
Pima	17,261,021	7,197,962	14.8
Pinal	2,420,745	1,289,300	2.6
Santa Cruz	715,220	313,838	0.6
Yavapai	3,951,818	1,681,870	3.4
Yuma	2,544,168	1,223,480	2.5
<b>Total</b>	<b>\$120,404,670</b>	<b>\$48,775,932</b>	

### **Transaction Privilege and Severance Tax Returned to Cities/Towns**

The portion of transaction privilege and severance tax returned to each incorporated city or town for July 2004 is shown on Table 3, attached to this report.

### **County Tax Collections**

The following county-imposed tax collections were received by the Department of Revenue during July 2004 and returned to the counties. County taxes in all but Coconino County are imposed at 10% of the state transaction privilege tax rate. Coconino's Excise Tax is 10% of the state rate, and its Jail Tax is 6% of the state rate. The stadium tax was imposed at 5% of the state rate. This rate completed its run in December 1997. Collections received now should be for prior periods. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

	Road Tax	Excise Tax	Jail Tax	Rental Car Surcharge	Stadium Tax	RV Surcharge	Hospital Tax/Health SVCS Dist	Capitol Projects	Tourism Authority
Apache		\$81,614							
Cochise		\$519,115							
Coconino		\$979,993	\$587,668					\$244,078	
Gila	\$256,971	\$249,718							
Graham		\$107,054							
Greenlee		\$83,116							
La Paz		\$82,101	\$81,982				(\$183)		
Maricopa	\$25,738,771		\$9,469,196	\$443,439	(\$6,977)				\$1,158,391
Mohave		\$552,287							
Navajo		\$524,978							
Pima				\$115,397		\$6,804			
Pinal	\$891,916	\$867,051							
Santa Cruz		\$208,245							
Yavapai		\$1,173,324	\$586,299						
Yuma		\$791,041	\$791,132					\$789,809	

## **OTHER TAXES**

### **Luxury Taxes**

The following revenues were received from luxury taxes in July 2004. The table compares the receipts to July 2003 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	July 2004	July 2003	% Change
Spirituous	\$1,815,490	\$1,640,807	10.6
Vinous	772,286	739,367	4.5
Malt	1,724,666	1,783,718	(3.3)
Cigarette	20,978,716	18,396,960	14.0
Other Tobacco	740,591	626,580	18.2
Tobacco Licenses	300	775	(61.3)
<b>Total</b>	<b>\$26,032,050</b>	<b>\$23,188,207</b>	<b>12.3</b>

\*Through July 2004, \$435,400 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

**General Fund revenues from luxury taxes:**

	<u>July 2004</u>
Spirituos	\$1,270,843
Vinous	192,038
Malt	431,166
Cigarette	3,005,057
Other Tobacco	114,792
Tobacco Licenses	300
<b>Total</b>	<b>\$5,014,196</b>

**Other dedicated revenues from luxury taxes:**

	<u>July 2004</u>
Correction Fund revenues	\$2,099,931
Tobacco Tax & Health Care Fund <sup>4</sup>	\$7,202,573
Tobacco Products Tax Fund <sup>5</sup>	\$10,906,462
Wine Promotional Fund revenues	\$4,134
Drug Treatment & Education Fund revenues	\$575,792
Corrections Revolving Fund revenues	\$228,962

**Estate Tax**

	July 2004	\$3,912,063
	July 2003	<u>\$2,682,160</u>
% Change		45.8%

**Bingo**

	July 2004	\$69,264
	July 2003	<u>\$69,610</u>
% Change		(0.4%)

**Unclaimed Property**

	July 2004	\$608,523
	July 2003	<u>(\$694,861)</u>
% Change		N/A

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF REVENUE

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<sup>4</sup> Formerly the Health Care Fund

<sup>5</sup> This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

**TABLE 1**  
**“New” Returns Filed in 2004 for Tax Year 2003**  
**Through July 2004**

Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	CHARACTERISTICS OF TAXPAYERS					
					% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	2,313	1.0%	-\$14,524	\$1	15.5%	78.0%	4.0%	2.5%	14.6%	9.7%
<b>\$0-\$5,000</b>	<b>51,797</b>	<b>22.5%</b>	<b>\$2,694</b>	<b>\$1</b>	<b>3.8%</b>	<b>85.2%</b>	<b>10.1%</b>	<b>0.9%</b>	<b>3.9%</b>	<b>14.8%</b>
\$5,000-\$10,000	48,920	21.3%	\$7,362	\$25	7.0%	73.8%	18.0%	1.2%	5.6%	26.0%
<b>\$10,000-\$15,000</b>	<b>33,460</b>	<b>14.5%</b>	<b>\$12,344</b>	<b>\$91</b>	<b>13.8%</b>	<b>57.6%</b>	<b>27.0%</b>	<b>1.6%</b>	<b>8.4%</b>	<b>38.3%</b>
\$15,000-\$20,000	23,953	10.4%	\$17,358	\$170	20.1%	48.9%	28.6%	2.4%	8.5%	43.1%
<b>\$20,000-\$25,000</b>	<b>16,379</b>	<b>7.1%</b>	<b>\$22,359</b>	<b>\$273</b>	<b>25.1%</b>	<b>43.3%</b>	<b>28.7%</b>	<b>3.0%</b>	<b>7.9%</b>	<b>46.4%</b>
\$25,000-\$30,000	11,626	5.1%	\$27,388	\$392	29.2%	40.5%	26.6%	3.7%	8.1%	46.4%
<b>\$30,000-\$40,000</b>	<b>14,720</b>	<b>6.4%</b>	<b>\$34,480</b>	<b>\$556</b>	<b>36.4%</b>	<b>37.4%</b>	<b>22.1%</b>	<b>4.1%</b>	<b>8.5%</b>	<b>45.3%</b>
\$40,000-\$50,000	8,697	3.8%	\$44,618	\$779	48.1%	31.7%	17.0%	3.2%	10.2%	46.4%
<b>\$50,000-\$75,000</b>	<b>10,873</b>	<b>4.7%</b>	<b>\$60,614</b>	<b>\$1,159</b>	<b>63.3%</b>	<b>24.1%</b>	<b>10.4%</b>	<b>2.3%</b>	<b>12.8%</b>	<b>46.3%</b>
\$75,000-\$100,000	3,979	1.7%	\$85,407	\$1,859	73.0%	18.7%	6.6%	1.6%	14.4%	45.0%
<b>\$100,000-\$200,000</b>	<b>2,839</b>	<b>1.2%</b>	<b>\$128,709</b>	<b>\$3,313</b>	<b>74.6%</b>	<b>18.1%</b>	<b>5.8%</b>	<b>1.4%</b>	<b>16.0%</b>	<b>43.5%</b>
\$200,000-\$500,000	468	0.2%	\$280,267	\$9,517	72.1%	20.9%	5.1%	1.9%	22.0%	36.2%
<b>\$500,000-\$1,000,000</b>	<b>57</b>	<b>0.0%</b>	<b>\$640,433</b>	<b>\$24,998</b>	<b>56.1%</b>	<b>29.8%</b>	<b>5.3%</b>	<b>8.8%</b>	<b>24.6%</b>	<b>36.8%</b>
\$1,000,000 and over	35	0.0%	\$1,900,887	\$85,415	60.0%	37.1%	2.9%	0.0%	14.3%	17.1%
<b>Total</b>	<b>230,116</b>		<b>\$19,441</b>	<b>\$307</b>	<b>19.4%</b>	<b>59.5%</b>	<b>19.2%</b>	<b>1.9%</b>	<b>7.3%</b>	<b>33.0%</b>

\*An asterisked line indicates that the information cannot be released due to confidentiality laws.

**NEW RETURNS FILED IN 2003 FOR TAX YEAR 2002**

<b>Total</b>	<b>220,129</b>	<b>\$20,256</b>	<b>\$329</b>	<b>20.2%</b>	<b>57.0%</b>	<b>20.6%</b>	<b>2.2%</b>	<b>7.6%</b>	<b>34.7%</b>
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“NEW” Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

**TABLE 2**  
**Urban Revenue Sharing Returned to Cities/Towns**  
**July 2004**

<b>City</b>	<b>Distribution</b>	<b>Population</b>	<b>City</b>	<b>Distribution</b>	<b>Population</b>
<b><u>Apache County</u></b>			Surprise	236,361	30,848
Eagar	\$30,901	4,033	Tempe	1,215,401	158,625
Springerville	15,110	1,972	Tolleson	38,111	4,974
St. Johns	27,185	3,548	Wickenburg	38,939	5,082
<b><u>Cochise County</u></b>			Youngtown	23,063	3,010
Benson	36,096	4,711	<b><u>Mohave County</u></b>		
Bisbee	46,662	6,090	Bullhead City	258,742	33,769
Douglas	126,601	16,523	Colorado City	25,545	3,334
Huachuca City	13,416	1,751	Kingman	153,771	20,069
Sierra Vista	289,436	37,775	Lake Havasu City	321,333	41,938
Tombstone	11,524	1,504	<b><u>Navajo County</u></b>		
Willcox	28,603	3,733	Holbrook	37,675	4,917
<b><u>Coconino County</u></b>			Pinetop-Lakeside	27,446	3,582
Flagstaff	405,279	52,894	Show Low	58,960	7,695
Fredonia	7,938	1,036	Snowflake	34,173	4,460
Page	52,171	6,809	Taylor	24,335	3,176
Williams	21,776	2,842	Winslow	72,943	9,520
<b><u>Gila County</u></b>			<b><u>Pima County</u></b>		
Globe	57,358	7,486	Marana	103,867	13,556
Hayden	6,835	892	Oro Valley	244,682	31,934
Miami	14,834	1,936	Sahuarita	24,841	3,242
Payson	104,358	13,620	South Tucson	42,065	5,490
Winkelman	3,394	443	Tucson	3,729,137	486,699
<b><u>Graham County</u></b>			<b><u>Pinal County</u></b>		
Pima	15,240	1,989	Apache Junction	243,762	31,814
Safford	70,737	9,232	Casa Grande	193,269	25,224
Thatcher	30,817	4,022	Coolidge	59,657	7,786
<b><u>Greenlee County</u></b>			Eloy	79,494	10,375
Clifton	19,891	2,596	Florence	116,778	15,241
Duncan	6,222	812	Kearny	17,132	2,249
<b><u>La Paz County</u></b>			Mammoth	13,501	1,762
Parker	24,059	3,140	Maricopa	38,295	4,998
Quartzsite	25,699	3,354	Superior	24,932	3,254
<b><u>Maricopa County</u></b>			<b><u>Santa Cruz County</u></b>		
Avondale	274,939	35,883	Nogales	159,969	20,878
Buckeye	65,105	8,497	Patagonia	6,750	881
Carefree	22,427	2,927	<b><u>Yavapai County</u></b>		
Cave Creek	28,564	3,728	Camp Verde	72,415	9,451
Chandler	1,355,725	176,939	Chino Valley	62,576	8,167
El Mirage	58,301	7,609	Clarkdale	26,220	3,422
Fountain Hills	155,043	20,235	Cottonwood	70,330	9,179
Gila Bend	15,171	1,980	Jerome	2,521	329
Gilbert	840,510	109,697	Prescott	260,036	33,938
Glendale	1,676,560	218,812	Prescott Valley	180,328	23,535
Goodyear	144,898	18,911	Sedona	78,092	10,192
Guadalupe	40,057	5,228	<b><u>Yuma County</u></b>		
Litchfield Park	29,193	3,810	San Luis	117,399	15,322
Mesa	3,047,800	397,776	Somerton	55,673	7,266
Paradise Valley	104,695	13,664	Wellton	14,014	1,829
Peoria	830,296	108,364	Yuma	595,230	77,685
Phoenix	10,121,981	1,321,045			
Queen Creek	33,070	4,316	<b>TOTAL</b>	<b>\$31,089,382</b>	<b>4,057,566</b>
Scottsdale	\$1,553,146	202,705			

**TABLE 3**  
**Transaction Privilege and Severance Tax Returned to Cities/Towns**  
**July 2004**

City	Distribution	Population	City	Distribution	Population
<b><u>Apache County</u></b>			Scottsdale	1,503,773	202,705
Eagar	\$29,919	4,033	Surprise	228,847	30,848
Springerville	14,629	1,972	Tempe	1,176,764	158,625
St. Johns	26,321	3,548	Tolleson	36,890	4,974
<b><u>Cochise County</u></b>			Wickenburg	37,701	5,082
Benson	34,949	4,711	Youngtown	22,330	3,010
Bisbee	45,179	6,090	<b><u>Mohave County</u></b>		
Douglas	122,576	16,523	Bullhead City	250,516	33,769
Huachuca City	12,990	1,751	Colorado City	24,733	3,334
Sierra Vista	280,235	37,775	Kingman	148,882	20,069
Tombstone	11,157	1,504	Lake Havasu City	311,118	41,938
Willcox	27,693	3,733	<b><u>Navajo County</u></b>		
<b><u>Coconino County</u></b>			Holbrook	36,477	4,917
Flagstaff	392,396	52,894	Pinetop/Lakeside	26,573	3,582
Fredonia	7,686	1,036	Show Low	57,086	7,695
Page	50,513	6,809	Snowflake	33,087	4,460
Williams	21,083	2,842	Taylor	23,561	3,176
<b><u>Gila County</u></b>			Winslow	70,624	9,520
Globe	55,535	7,486	<b><u>Pima County</u></b>		
Hayden	6,617	892	Marana	100,566	13,556
Miami	14,362	1,936	Oro Valley	236,903	31,934
Payson	101,040	13,620	Sahuarita	24,051	3,242
Winkelman	3,286	443	South Tucson	40,728	5,490
<b><u>Graham County</u></b>			Tucson	3,610,590	486,699
Pima	14,755	1,989	<b><u>Pinal County</u></b>		
Safford	68,488	9,232	Apache Junction	236,013	31,814
Thatcher	29,837	4,022	Casa Grande	187,125	25,224
<b><u>Greenlee County</u></b>			Coolidge	57,761	7,786
Clifton	19,258	2,596	Eloy	76,967	10,375
Duncan	6,024	812	Florence	113,066	15,241
<b><u>La Paz County</u></b>			Kearny	16,684	2,249
Parker	23,294	3,140	Mammoth	13,071	1,762
Quartzsite	24,882	3,354	Maricopa	37,078	4,998
<b><u>Maricopa County</u></b>			Superior	24,140	3,254
Avondale	266,199	35,883	<b><u>Santa Cruz County</u></b>		
Buckeye	63,035	8,497	Nogales	154,884	20,878
Carefree	21,714	2,927	Patagonia	6,536	881
Cave Creek	27,656	3,728	<b><u>Yavapai County</u></b>		
Chandler	1,312,627	176,939	Camp Verde	70,113	9,451
El Mirage	56,448	7,609	Chino Valley	60,587	8,167
Fountain Hills	150,114	20,235	Clarkdale	25,386	3,422
Gila Bend	14,689	1,980	Cottonwood	68,095	9,179
Gilbert	813,790	109,697	Jerome	2,441	329
Glendale	1,623,263	218,812	Prescott	251,770	33,938
Goodyear	140,292	18,911	Prescott Valley	174,595	23,535
Guadalupe	38,784	5,228	Sedona	75,610	10,192
Litchfield Park	28,265	3,810	<b><u>Yuma County</u></b>		
Mesa	2,950,912	397,776	San Luis	113,667	15,322
Paradise Valley	101,367	13,664	Somerton	53,903	7,266
Peoria	803,901	108,364	Wellton	13,568	1,829
Phoenix	9,800,209	1,321,045	Yuma	576,308	77,685
Queen Creek	32,018	4,316			
			<b>TOTAL</b>	<b>\$30,101,167</b>	<b>4,057,566</b>

***The Office of Economic Research & Analysis  
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